

Decision Maker: Executive
Council

Date: Executive 30th November 2016
Council 12th December 2016

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING – 2ND QUARTER 2016/17

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Chief Officer: Director of Finance

Ward: All

1. Reason for report

This report summarises the current position on capital expenditure and receipts following the 2nd quarter of 2016/17 and seeks the Executive's approval to a revised Capital Programme.

2. RECOMMENDATION(S)

2.1 The Executive is requested to:

- (a) Note the report, including the rephrasing of £26,655k from 2016/17 into later years (see para 3.3.10), and agree a revised Capital Programme;**
- (b) Approve the following amendments to the Capital Programme:**
 - (i) Inclusion of an additional £106k funding from S106 receipts for Orpington Town Centre - Walnut Centre & New Market Infrastructure (see para 3.3.1);**
 - (ii) A supplementary capital estimate of £52k to the Performance Management/Children's Services - information technology capital scheme for the Eclipse system, offset by a corresponding reduction in the Social Care Grant scheme (see para 3.3.2);**
 - (iii) Deletion of £45k residual balance on Pavilion Leisure centre redevelopment & refurbishment, and Central Library/Churchill Theatre - chillers and controls, which have reached completion (see paras 3.3.3 and 3.3.4);**
 - (iv) Transport for London - Revised Support for Traffic and Highway Schemes (£657k addition to match funding available) (see para 3.3.5), and**

- (v) Section 106 receipts from developers - net increase of £492k to reflect the funding available and remaining unallocated balance (see para 3.3.6).**
- (c) Recommend to Council that a scheme for Land Acquisition - Cornwall Drive be included the Capital Programme with a budget of £2,709k (see para 3.4.1), and**

2.2 Council is requested to:

- (a) Agree the inclusion of a scheme for Land Acquisition - Cornwall Drive in the Capital Programme with a budget of £2,709k (see para 3.4.1).**

Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring is part of the planning and review process for all services. Capital schemes help to maintain and improve the quality of life in the borough. Effective asset management planning (AMP) is a crucial corporate activity if a local authority is to achieve its corporate and service aims and objectives and deliver its services. The Council continuously reviews its property assets and service users are regularly asked to justify their continued use of the property. For each of our portfolios and service priorities, we review our main aims and outcomes through the AMP process and identify those that require the use of capital assets. Our primary concern is to ensure that capital investment provides value for money and matches the Council's overall priorities as set out in the Community Plan and in "Building a Better Bromley". The capital review process requires Council Directors to ensure that bids for capital investment provide value for money and match Council plans and priorities
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Estimated Cost: Total increase of £1.2m over the 4 years 2016/17 to 2019/20, mainly due to £657k revised support for Traffic and Highway Schemes, £492k net increase in Section 106 receipts from developers to reflect the funding available and remaining unallocated balance
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £138.7m over 4 years 2016/17 to 2019/20
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
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Staff

1. Number of staff (current and additional): 1 fte
 2. If from existing staff resources, number of staff hours: 36
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance:
 2. Call-in: Not Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 Capital Expenditure

3.1.1 Appendix A sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 2nd quarter of 2016/17. The base position is the revised programme approved by the Executive on 20th July 2016, as amended by variations approved at subsequent Executive meetings. If the changes proposed in this report are approved, the total Capital Programme 2016/17 to 2019/20 would increase by £1,210k, mainly due to a £657k increase on TfL funded highway and Traffic schemes, and an increase of £492k in the S106 unallocated budget to reflect the current funding available

The variations are summarised in the table below, with further detail set out in Appendix A.

	2016/17	2017/18	2018/19	2019/20	TOTAL 2016/17 to 2019/20
	£000	£000	£000	£000	£000
Programme approved by Executive 20/07/16	72,575	39,308	4,336	4,306	120,525
Variations approved at subsequent Executive meetings	16,888	82	0	0	16,970
Approved Programme prior to 2nd Quarter Monitoring	89,463	39,390	4,336	4,306	137,495
Variations requiring the approval of the Executive	1,238 Cr	28	0	0	1,210
Variations not requiring approval:					
Net rephasing from 2016/17 into later years	Cr 26,655	17,175	9,270	210	0
Total Amendment to the Capital Programme	Cr 25,417	17,147	9,270	210	1,210
Total Revised Capital Programme	64,046	56,537	13,606	4,516	138,705
Assumed Further Slippage (for financing purposes)	Cr 5,000	2,000	2,000	2,000	1,000
Assumed New Schemes (to be agreed)	0	0	2,500	2,500	5,000
	Cr 5,000	2,000	4,500	4,500	6,000
Projected Programme for Capital Financing Forecast (see Appendix C)	59,046	58,537	18,106	9,016	144,705

3.2 Variations approved at subsequent Executive meetings

3.2.1 As detailed in Appendix A, variations totalling £17.0m have been approved since the first quarter Capital Monitoring report. This mainly comprises £14.1m for Civic Centre Development Strategy funded from Capital receipts, and £2.7m for Land Acquisitions at Cornwall Drive, of which £2.4m is funded by the Environmental Agency.

3.3 Variations requiring the approval of the Executive (£1,210k net increase)

3.3.1 Orpington Town Centre - Walnuts Centre & New Market Infrastructure (£106k increase in 2016/17)

A report requesting the allocation of £106k Section 106 receipts to the Orpington Town Centre - Walnuts Centre was submitted on 5th July 2016 to the Renewal and Recreation PDS Committee. Members are asked to approve the addition of this £106k to the Capital Programme

3.3.2 Eclipse System (£net nil in 2016/17)

A review found that the current children's ICS system was outdated and difficult for Social Care staff to use. It resulted in variable quality of records held, the ability for management

oversight limited and it took up too much time for staff to input records that could have been spent directly working with families. In an attempt to address the issues raised Bromley became an “Early Adopter” and began working on a project with a handful of local authorities and OLM Systems to develop a new case management system for Children’s Social Care, with the objective to work with OLM to develop a brand new case management system. This has enabled Bromley to have a direct influence over how the product is being designed. The LBB Project Manager is currently allocated to the project for 2 days per week. This needs to increase to a full time post for the next 12 months in order to deliver all tasks in time for the go live date. This will result in an overspend of £52k, and members are requested to agree a supplementary capital estimate of £52k for this scheme, to be offset by a corresponding reduction in the Social Care Grant capital scheme.

3.3.3 Pavilion Leisure Centre redevelopment & refurbishment (£17k reduction in 2016/17)

Following the completion of the outstanding work for Pavilion Leisure Centre redevelopment & refurbishment, it is recommended that the residual balance of £17k be deleted.

3.3.4 Central Library/Churchill Theatre - chillers and controls (£28k reduction in 2017/18)

Following the completion of the outstanding work relating extra netting protection to pipework, the final payment was paid to contractors for Central Library/Churchill Theatre - chillers and controls. It is recommended that the residual balance of £28k be deleted.

3.3.5 Transport for London (TfL) – Revised support for Highways and Traffic Schemes (£657k increase in 2016/17)

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2016/17 to 2019/20 on the basis of the bid in the Borough Spending Plan (BSP). Notification of an overall increase of £657k in the 2016/17 grant has been received from TfL. Grant allocations from TfL change frequently and any further variations will be reported in subsequent capital monitoring reports.

3.3.6 Section 106 receipts (uncommitted balance) (net increase £492k)

In July 2015, the Executive agreed that the Capital Programme budget should reflect the total of S106 receipts available to fund expenditure. Members are asked to agree a net increase of £492k in the Capital Programme budget for Section 106 in respect of additional receipts since the last report to match the total funding available.

3.3.7 Scheme Rephasing

In the quarter 2 monitoring exercise, slippage of £26,655k has been identified and this has been re-phased from 2016/17 into later years to reflect the latest estimates of when expenditure is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme. Further details are provided in Appendix B.

3.4 **Variations requiring the approval of Council (£2,709k net increase)**

3.4.1 Land Acquisition - Cornwall Drive (£2,709k addition in 2016/17)

On 2nd September 2016, Executive agreed to a release a total of £2,709k funding for the acquisition and clearance of land at the end of Cornwall Drive. £2,409k will be funded by the Environment Agency, and a £300k contribution made from the Council’s 2016/17 Central Contingency. It is requested that Executive recommend to Council that this scheme be added to the Capital Programme.

3.5 Capital Receipts

3.5.1 Details of the receipts forecast in the years 2016/17 to 2019/20 are included in Appendix E to this report to be considered under part 2 proceedings of the meeting. The latest estimate for 2016/17 has decreased to £4.9m from £10.6m reported in July, mainly due to an expected delay in realising a large receipt which is now expected in 2017/18. Estimates for 2017/18, 2018/19, 2019/20 are now £11.1m, £1.0m and £16.0m respectively (£5.0m, £1.0m and £1.0m were reported in July). A total of £1m per annum is assumed for receipts yet to be identified in later years. The financing and balances projections shown in Appendix E reflect prudent assumptions for capital receipts.

3.6 Financing of the Capital Programme

3.6.1 A capital financing statement is attached at Appendix C and the following table summarises the estimated impact on balances of the revised programme and revised capital receipt projections, which reflect prudent assumptions on the level and timing of disposals. Total balances would reduce from £49.6m (General Fund £20.0m and capital receipts £29.6m) at the end of 2015/16 to £37.3m by the end of 2019/20 and would then reduce further to £32.7m by the end of 2023/24.

	Balance	Estimated	Estimated
	01/04/16	Balance	Balance
	£m	31/03/20	31/03/24
	£m	£m	£m
General Fund	20.0	14.6	14.6
Capital Receipts	29.6	22.7	18.1
	49.6	37.3	32.7

3.7 Investment Fund and Growth Fund

3.7.1 To date, total funding of £124.1m has been placed in the Investment Fund and Growth Fund earmarked reserves to contribute towards the Council's economic development and investment opportunities. In November 2014, £10m was set aside in the Growth Fund to support growth initiatives in Biggin Hill, the Cray Valley and Bromley Town Centre. Council approved additional allocations of £6.5m in December 2015, £6m in March 2016 and £7m in June 2016 to the Growth Fund.

3.7.2 Appendix D provides a detailed analysis of the Funds dating back to their inception in September 2011. A total of £72.8m has been spent to date, and schemes totalling £101.7m have been approved (£76.8m on Investment Fund, and £24.9m on Growth Fund). The uncommitted balance as at November 2016 stands at £17.9m for the Investment Fund and £4.6m for the Growth Fund.

3.8 Section 106 Receipts

3.8.1 In addition to capital receipts from asset disposals, the Council is holding a number of Section 106 contributions received from developers. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. These receipts are held as a receipt in advance on the Council's Balance Sheet, the balance of which stands at £8,345k as at 30th September 2016 as shown in the table below, and will be used to finance capital expenditure from 2016/17 onwards:

Specified capital works	Balance	Receipts	Expenditure	Balance
	31/03/16 £000	2016/17 £000	2016/17 £000	30/09/16 £000
Housing	5,181	233	317	5,097
Education	2,801	259	-	3,060
Highways	81	1	-	82
Local Economy	0	106	-	106
Total	8,063	599	317	8,345

3.8.2 The Council's budgets are limited and, where a developer contribution (S106) can be secured consistent with the national Community Infrastructure Levy Regulations, this will be required as a contribution towards projects, notwithstanding any other allocation of resources contained in the Council's spending plans.

3.9 Post-Completion Reports

3.9.1 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. Post-completion reports on the following schemes are due to be submitted to the relevant PDS Committees:

- Increasing Network Security
- Civic Centre Cabling Renewal
- Joint Web Platform
- Server Virtualisation
- Financial systems upgrade/replacement of unsupported software
- Office Accommodation Strategy
- Pavilion Leisure centre redevelopment & refurbishment
- Central Library/Churchill Theatre – replacement of chillers and control

4. POLICY IMPLICATIONS

4.1 Capital Programme monitoring and review is part of the planning and review process for all services.

5. FINANCIAL IMPLICATIONS

5.1 These are contained in the main body of the report and in the appendices. Attached as Appendix C is a capital financing statement, which gives a long-term indication of how the revised Programme would be financed if all the proposed changes were approved and if all the planned receipts were achieved. The financing projections continue to assume no General Fund support in future years for the current approved programme. They also assume approval of the revised capital programme recommended in this report, together with an estimated £2.5m per annum for new capital schemes and service developments from 2018/19 onwards.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Capital Programme Monitoring 2015/16 & Annual Capital Review 2016 to 2020, Council 22 nd February 2016 Capital Programme Monitoring - 1 st Quarter 2016/17, Executive 20 th July 2016 Land Acquisition - Cornwall Drive, St Paul's Cray, Executive 2 nd September 2016 List of potential capital receipts from Strategic Property (as at 03/11/16)